SENATE BILL 5755

State of Washington 59th Legislature 2005 Regular Session

By Senators Sheldon, Shin and Delvin

Read first time 02/04/2005. Referred to Committee on International Trade & Economic Development.

- AN ACT Relating to the small business incubator program; and amending RCW 43.176.010, 43.176.020, and 43.176.030.
- 3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 4 **Sec. 1.** RCW 43.176.010 and 2004 c 237 s 1 are each amended to read 5 as follows:
- 6 It is hereby declared to be the policy of the state of Washington
- to assist in the creation and expansion of innovative small commercial
- 8 enterprises that produce marketable goods and services through the
- 9 employment of Washington residents, the use of technology, and the
- 10 application of best management practices. This policy is to be
- 11 implemented through the use of small business incubators with small
- 12 <u>business incubation programs</u>.
- 13 **Sec. 2.** RCW 43.176.020 and 2004 c 237 s 2 are each amended to read 14 as follows:
- 15 The definitions in this section apply throughout this chapter 16 unless the context clearly requires otherwise.
- 17 (1) "Business incubator" means a facility that offers:
- 18 (a) Space for start-up and expanding firms;

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- 1 (b) The shared use of equipment and work areas;
- 2 (c) Daily management support services essential to high-quality commercial operations; and
 - (d) Technical assistance.

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- (2)(a) "Business incubation program" means an economic and social development process designed to advise potential startup companies and, through a comprehensive business assistance program, help them establish and accelerate their growth and success. The main goal of the program is to produce successful businesses that will leave the program in a timely manner, financially viable, and freestanding. These graduates create jobs, revitalize communities, commercialize new technologies, and create wealth for local and national economies.
- 13 <u>(b)</u> "Qualified small business incubator <u>program</u>" means ((an incubator)) a program that is:
 - $((\frac{a}{a}))(i)(\underline{A})$ Designated as a nonprofit organization under section 501(c)(3) of the internal revenue code, or $((\frac{i}{i}))(\underline{B})$ consists of a partnership between a designated nonprofit organization under section 501(c)(3) of the internal revenue code and a government or quasi-government agency;
- 20 (((b) Focused on developing small businesses in an economically 21 distressed or disadvantaged area)) (ii) Certified by the Washington 22 association of small business incubators; ((and
- 23 (c))) (iii) Structured around a sound business plan which include 24 the following criteria:
- 25 <u>(A) Affordability. The incubator program can be supported through</u> 26 <u>available funding sources and is affordable for the businesses proposed</u> 27 <u>to be served;</u>
- 28 (B) Quality. The incubator program provides support services and 29 facilities at a high level of quality that reflects well on the 30 community as a whole;
- 31 (C) Sustainability. The incubator program will generate a 32 continuing stream of incubator clients that will graduate as successful 33 businesses from the incubator program and permanently locate within the 34 region;
- 35 <u>(D) Efficiency. The incubator program provides facilities and</u> 36 <u>programs that are efficient and cost-effective and that continue to</u> 37 operate within the financial resources available; and

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- 1 (iv) Priority should be given to those incubation programs who are 2 in economically distressed or disadvantaged areas.
- 3 **Sec. 3.** RCW 43.176.030 and 2004 c 237 s 3 are each amended to read 4 as follows:
 - (1) The small business incubator program is created in the department of community, trade, and economic development to provide start-up and operating assistance to qualified small business incubators.
- 9 (2) The department shall award grants to qualified small business 10 incubator organizations for:
- 11 (a) Construction and equipment costs, up to a maximum of three 12 million dollars per recipient; and
- 13 (b) Provision of technical assistance to small businesses, up to a 14 maximum of one hundred twenty-five thousand dollars per year per 15 recipient.
 - (3) The department shall:

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- (a) Require a grant recipient to show that it has the resources to complete the project in a timely manner and the state grant is not the sole source of funds;
 - (b) Develop, in conjunction with the Washington association of small business incubators, criteria for receipt of grant funds, including criteria related to organizational capacity, community need, and the availability of other economic development resources;
 - (c) Accept and receive grants, gifts, and pledges of funds for the support of the small business incubator program, which shall be deposited in the small business incubator account established in RCW 43.176.040; ((and))
- 28 (d) Integrate the promotion of small business incubators as 29 economic development tools in its strategic plan;
- 30 <u>(e) Require a grant recipient to be certified by the Washington</u> 31 association of small business incubators; and
- 32 <u>(f) Require a grant recipient to have a feasibility study performed</u> 33 <u>by a qualified vendor and a sound business plan in place</u>.

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